

Dashboard / My courses / (22/04) MScFE 560 Financial Markets (C22-S2) / Module 5: Stock and Equity Markets
/ Practice Quiz M5 (Ungraded)

Started on	Sunday, 15 May 2022, 6:30 PM
State	Finished
Completed on	Sunday, 15 May 2022, 6:34 PM
Time taken	4 mins 30 secs

Question 1

Complete

Not graded

What is the cost of equity from an issuing entity's perspective?

Select one:

- ☒ The rate of return the equity holders require.
- ☐ The risk you assume for taking on the share.
- ☐ The interest repayments on that share.
- ☐ Equal to the cost of debt where the equity/debt mix is 50/50.

Your answer is correct.

Question 2

Complete

Not graded

Consider the following statement:

In technical analysis, traders identify the minimum and maximum price range of a stock or index.

What is the top-end of this range known as?

Select one:

- ☐ Draw-down
- ☒ Mean
- ☐ Resistance
- ☐ Support

Your answer is incorrect.

Question 3

Complete

Not graded

If we know the dividend stream, the future price of the stock, the future selling date of the stock, and the required return, we can price stocks just as we priced _____.

Select one:

- ☒ Annuities
- ☐ Perpetuities
- ☐ Preferred stocks
- ☐ bonds

Your answer is incorrect.

Question 4

Complete

Not graded

What are investment banks?

Select one:

- ☐ Investment banks operate exclusively within equity markets.
- ☒ Investment banks are the intermediaries of the financial world.
- ☐ Entities who manage pooled investor funds on behalf of others.
- ☐ Investment banks are conduits that connect global equity markets to each other.

Your answer is correct.

Question 5

Complete

Not graded

What is the primary benefit of early stage equity funding?

Select one:

- ☐ Equity capital is always cheaper than debt funding.
- ☐ Only small monthly repayments are required for large capital outlay.
- ☒ The business isn't locked into debt repayments early on.
- ☐ Interest repayments are low.

Your answer is correct.

◀ NOTES 4 M5

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Started on Sunday, 15 May 2022, 6:35 PM

State Finished

Completed on Sunday, 15 May 2022, 6:38 PM

Time taken 2 mins 44 secs

Question 1

Complete

Not graded

The value of a financial asset is the _____.

Select one:

- ☐ Present value of just the capital gains but not the dividends
- ☒ Present value of all of the future cash flows that will be received
- ☐ Future value of just the capital gains but not the dividends
- ☐ Sum of all previous cash flows received

Your answer is correct.

Question 2

Complete

Not graded

Consider the following statement:

A share you bought 200 days ago is trading lower than its 200-day moving average.

Given the above information, if you sell the share at this point, how will it affect you?

Select one:

- ☐ It is impossible to tell from the provided information.
- ☒ You will make a profit.
- ☐ You will break even.
- ☐ You will incur a loss.

Your answer is incorrect.



Question 3

Complete

Not graded

In which private equity strategy does the private equity firm seek to improve growth in an established business?

Select one:

- ☒ Growth capital
- ☐ IPO
- ☐ Venture capital
- ☐ Merger and acquisition

Your answer is correct.

Question 4

Complete

Not graded

"The standard deviation or variance in relation to the share's mean price" is the definition of which concept?

Select one:

- ☐ Beta coefficient
- ☐ Alpha
- ☒ Volatility
- ☐ Risk free-rate

Your answer is correct.

Question 5

Complete

Not graded

Dividend models suggest that the value of a financial asset is determined by future cash flows. A problem arises, however, in that future cash flows may be difficult to predict as to _____ of these cash flows.

Select one:

- ☒ The timing but not the amount
- ☐ The amount but not the timing
- ☐ Both the timing and the amount
- ☐ Neither the timing nor the amount

Your answer is incorrect.

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Started on	Sunday, 15 May 2022, 6:38 PM
State	Finished
Completed on	Sunday, 15 May 2022, 6:42 PM
Time taken	3 mins 31 secs

Question 1

Complete

Not graded

In which type of fiscal environment does the value of money change over time?

Select one:

- ☐ An inflationary environment only
- ☒ An inflationary and deflationary environment
- ☐ An inflationary/deflationary neutral environment
- ☐ A deflationary environment only

Your answer is correct.

Question 2

Complete

Not graded

Taking a phased approach whereby an investor enters the market gradually over a period of time is aligned to which concept?

Select one:

- ☐ Diversification
- ☐ Hedging
- ☐ Portfolio management
- ☒ Dollar-cost averaging

Your answer is correct.



Question 3

Complete

Not graded

"Don't put all your eggs in one basket" is most appropriately aligned to which risk management technique?

Select one:

- ☐ Short-selling
- ☐ Protective put options
- ☒ Diversification
- ☐ Future contracts

Your answer is correct.

Question 4

Complete

Not graded

Consider the following statement:

Market optimism has been low ever since the 23% crash in the equity market over the last week. Analysts expect the overall market to remain depressed well into the next quarter.

Given the above information, what market state is the scenario characterized by?

Select one:

- ☐ Bull market
- ☐ Hawkish
- ☒ Bear market
- ☐ Volatile

Your answer is correct.

Question 5

Complete

Not graded

What is the beta of a stock that has moved 17% more than its benchmark stock?

Select one:

- ☐ 83
- ☐ 0.83
- ☐ 117
- ☒ 1.17

Your answer is correct.

◀ NOTES 4 M5

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